CMHC HOUSING OUTLOOK NATIONAL EDITION

Canada Mortgage and Housing Corporation

A positive start to the millennium

First Quarter, 2000

Overview

Starts:
2000: +3.8 %
2001: +3.5 %

Resales:
2000: + 0.4 %
2001: + 2.2 %

Starts: Look for starts to rise in the next two years to 155,700 units in 2000 and 161,200 in 2001. Increases will be tied to job and income gains, consumer confidence, rising migration, stronger house prices, and recovery in B.C. Multiple starts will outperform singles.

Resales: Sales of existing homes will surpass the 1999 record, up marginally this year and 2.2 percent in 2001, paced by Ontario, Alberta, and British Columbia.

Prices: Expect stronger resale prices in the next two years, up 2.7 per cent this year to $161,700, and 3.4 per cent in 2001 to $167,300.

Details on page three.

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CMHC Housing Outlook: National Edition is your national sales, marketing, and business planning tool.

The Nation's HOT SPOTS

Ontario: Following the surge in home-building in 1999, look for less spectacular but solid gains in the next two years. Single and multiple starts will both contribute to the strong showing (See Page 13).

British Columbia: Construction in B.C. will turn the corner in 2000, but will not approach the levels of the mid-1990s. Look for starts to jump 10 per cent this year and 11 next year. Rows and apartments will post the strongest gains. (See Page 9).

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CMHC SCHL

HOME TO CANADIANS
Canada

CMHC—HOME TO CANADIANS

Canada Mortgage and Housing Corporation (CMHC) is home to Canadians. In everything we do, we help Canadians live in safe, secure homes.

As the Government of Canada's national housing agency, we play a major role in Canada's housing industry. CMHC develops new ways to finance home purchases. We encourage innovation in housing design and technology. Our mortgage loan insurance helps Canadians realize their dream of owning a home.

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Upcoming PDF Release Dates

Second Quarter 2000 — April 17
Third Quarter 2000 — July 17
Fourth Quarter 2000 — October 17

National Housing Outlook

In Detail

Multiples outpace singles

Multiple dwellings will account for over half of the increase in starts in the next two years. In 2000, row and semi-detached units will set the pace. In 2001, apartments will forge ahead.

Multiples up this year in Nova Scotia and British Columbia

Multiple starts will rise 6.4 per cent this year. Nova Scotia and B.C. will turn in the strongest performances. Apartments will dominate in Nova Scotia. In B.C., row starts will post the largest increase, but semi-detached and apartment starts will also do well.

Singles strong in Ontario and B.C.

Starts of single-detached homes will climb 2.2 per cent this year and 2.7 per cent next year. The largest gains will be in Ontario and B.C.

Small towns and aging populations

Canada's growing population of empty nesters and seniors can benefit small communities that offer attractive amenities. While populations of many resource-based communities in B.C. have been shrinking, resort towns are expected to continue growing rapidly. In PEI, in-migration by those 45 and over is one factor behind stronger demand for detached dwellings in recent years.

Record resale numbers

Although growth will slow, resales will still hit record levels. More moderate sales increases in part reflect scarce listings in some markets. Record volumes will be posted in Ontario, Alberta, New Brunswick, and Newfoundland.

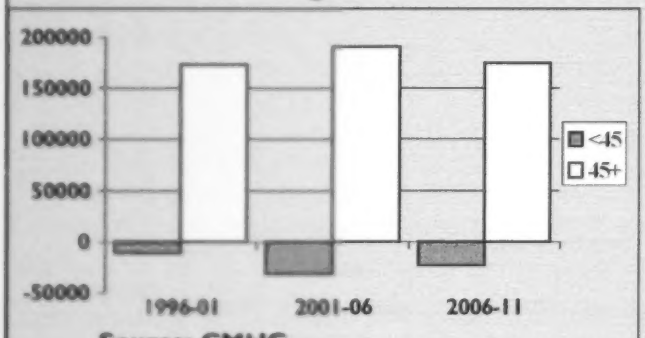
Prices up everywhere but B.C. in 2000

This year, prices will be up in all provinces except B.C. Look for price gains well above the rate of inflation in Ontario, Saskatchewan, and Alberta. In B.C., prices will bottom out this year and edge up in 2001.

Spotlight on DEMOGRAPHICS

Aging households

Household Growth by Age of Head, Canada
Average Annual Growth



Source: CMHC.

Canada's population is aging. Aging is readily apparent in the pattern of household formation by age group forecast for the 1996-2011 period.

The number of households headed by people under age 45 will decline steadily until 2011. In contrast, expect strong growth in the empty-nester and senior categories. Thanks to aging baby boomers, households headed by the 45-64 group will be the fastest growing category.

The majority of these older households will already be housed. Many will be content to stay put. Others, however, will be amenable to moving to homes geared towards their changing needs and wants. Developers who do the necessary research and produce housing with real appeal to this group will tap a growing and wealthy market segment.

See the upcoming second quarter issue of *CMHC Housing Outlook* for a look at housing starts over the medium-term.

Trends Impacting Housing

Positive Impact	What to Watch For
✓ *Economy in high gear*	✓ *Higher mortgage rates this year*
✓ *Employment and income growth*	✓ *Alberta and Ontario top inter-provincial migration destinations*
✓ *Consumers upbeat*	

The Economy

The economy grew at a brisk 4.7 percent annual clip in the third quarter of 1999, improving on strong performances in the first two quarters. Domestic strength coupled with continued growth of the U.S. economy and an improving world economy point to a healthy outlook for the next two years. Look for growth of 3.4 per cent in 2000, dropping to 3.2 per cent next year as the U.S. economy slows, reducing demand for Canadian exports.

The booming U.S. economy continues to boost manufacturers in central Canada. Megaprojects, recovering fisheries, and tourism are supporting the Atlantic economy. Rising oil prices should help Alberta. In B.C., slow recovery from Asian turmoil and low commodity prices should gather strength this year.

Mortgage Rates

Mortgage rates will remain low by 1990s' standards but will rise in coming months, sparked by robust domestic growth and higher interest rates in the U.S. and Europe. Rates will drop in the second half of this year. Over the next two years, look for one-year rates in the 6.50-8.00 per cent range, three-year rates between 7.25 and 8.50 per cent, and five-year rates from 7.50 to 8.75 per cent.

Consumers

Consumers remain upbeat. Although consumer confidence dipped in the third quarter of 1999, it has fully recovered from the negative effects of the Asian crisis. Consumption in the quarter even improved slightly on the healthy pace of the first half of the year.

Both employment and equity markets have surged since September. These positive developments likely outweigh any concerns stemming from increases in mortgage rates during the fall.

Employment and Incomes

Recent and continued job gains will be a plus for home building in coming months. Coming off the strongest year of the 1990s, employment growth slowed in 1999 but was still strong, accelerating in September, October, and November. Moreover, growth in full-time jobs surpassed 1998 performance. Look for slower but still healthy employment gains this year and next.

Canadians should have more money in their pockets. Thanks to a strong economy, employment growth, and tax cuts, look for faster growth in disposable incomes over the next two years.

Migration

In 1998, immigration fell well short of government targets, and net migration to Canada dropped to around 140,000 from levels of nearly 190,000 in each of the previous three years. In the second quarter of 1999, immigration and net migration showed modest signs of recovery. Look for immigration to continue to bounce back gradually in the next two years as Asian economies recover. Increased arrivals will give a lift to construction in the four largest provinces, particularly in major centres in B.C. and Ontario.

Within Canada, the exodus of population from B.C. to other provinces shows no sign of abating. Alberta remains the top destination of interprovincial migrants, but inflows in the first six months of 1999 were down by over half from a year ago. With a strong economy that is luring job hunters at an increasing rate, Ontario appears set to overtake Alberta. Ontario's net population gain through interprovincial migration in the second quarter was the largest since 1987.

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Special Report: Rental Markets

Vacant rental apartments were harder to come by in 1999, continuing a trend to tighter markets that began in 1994. With rental construction forecast to increase, look for vacancy rates to stabilize in 2000.

In metropolitan centres, the vacancy rate in privately initiated apartment structures of three units and more fell from 3.4 per cent in October 1998 to 2.6 per cent in October 1999, the lowest rate since October 1987. Although vacant units were harder to find, rent increases were moderate in most centres, with the exception of several in the Prairies and Ontario.

Regional Details:

Nineteen of 27 centres had lower vacancy rates in October 1999 than a year earlier. The lowest rates were in **Ottawa** (0.7 per cent), **Toronto** (0.9 per cent), and **Saskatoon** (0.9 per cent).

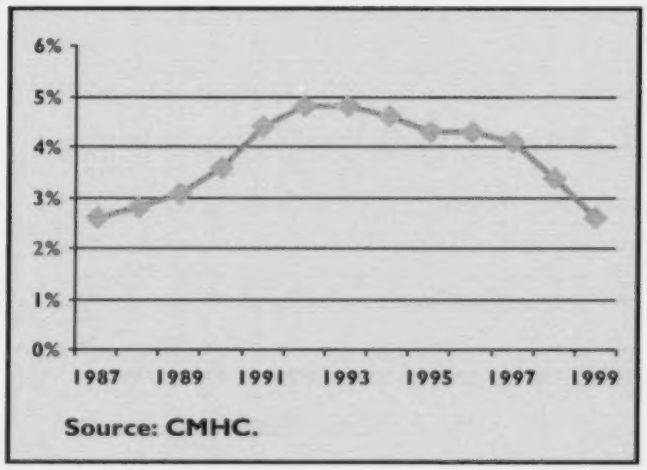
Cities with the tightest markets were concentrated in the Prairies and Ontario. In Southern Ontario, rates were down everywhere except **Toronto**, where stability produced the second tightest market in Canada. The Prairies presented a mixed picture: tight markets in Saskatchewan, but rising vacancies in Alberta. The jump from 0.6 to 2.8 per cent in **Calgary**, which had the lowest rate in each of the past two years, was the largest among all centres and followed double-digit rent increases the year before.

On the West Coast, markets were slack and rates little changed. In **Vancouver**, renters enjoyed an abundance of choice compared to as recently as two years ago, when vacancy rates were well under two per cent and a strong provincial economy was pulling in migrants from other provinces. Elsewhere, in Quebec and Atlantic Canada, markets tightened in all the largest centres, but there were still plenty of units available.

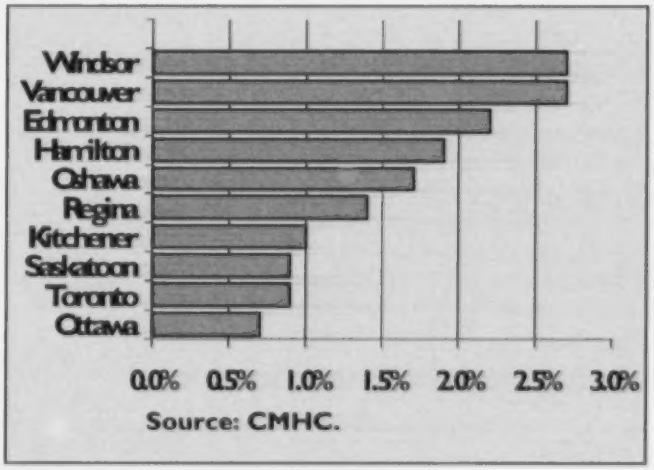
Despite lower vacancy rates, rent increases over the past year in most markets were moderate. Not surprisingly, the centres in the Prairies and Ontario with below-average vacancy rates tended to be exceptions, with renters facing increases above the rate of inflation. The largest hike was in **Hamilton**, where the average rent for a two-bedroom apartment rose 5.4 per cent. **Calgary** and **Edmonton** followed with increases of 4.5 per cent, a far cry from the 11.3 per cent increase in **Calgary** the previous year.

Toronto and **Vancouver** remained the most expensive markets in Canada. Unlike **Toronto**, however, **Vancouver** saw rents edge down as prospective tenants enjoyed a good selection of available units.

Vacancy Rates
Average of Metropolitan Areas



Lowest Vacancy Rates
Major Centres



Contact: Roger Lewis (613) 748-2797 rlewis@cmhc-schl.gc.ca

Why Tighter Markets?

A variety of factors have pushed vacancy rates down. Employment growth and associated income gains, migration patterns, and changes in the age structure of the population have supported rental demand. On the supply side, low levels of new rental construction have in some instances been compounded by losses from the existing rental stock through condominium conversion and other factors.

Demand Factors

Beginning with demand factors, 1998 was the best year of the decade for job creation. 1999 has been strong as well, with part-time positions giving way to full-time employment. Moreover, employment of youth, the group most likely to rent, accelerated in the past two years after shrinking for much of the 1990s. Expanding employment opportunities attract migrants. Markets where vacancy rates declined have generally seen rental demand boosted by influxes of job seekers.

The effects of strong job creation and related migration flows on rental demand have been reinforced by changes in the age structure of the population. After many years of decline, the population of young adults has started to grow as the baby boom echo, the children of the baby boomers, reaches adulthood. This echo is beginning to make its way into the housing market. In addition, the empty-nester and senior populations have been growing all along. As they age, some of these people are opting to move from their homes to rental units.

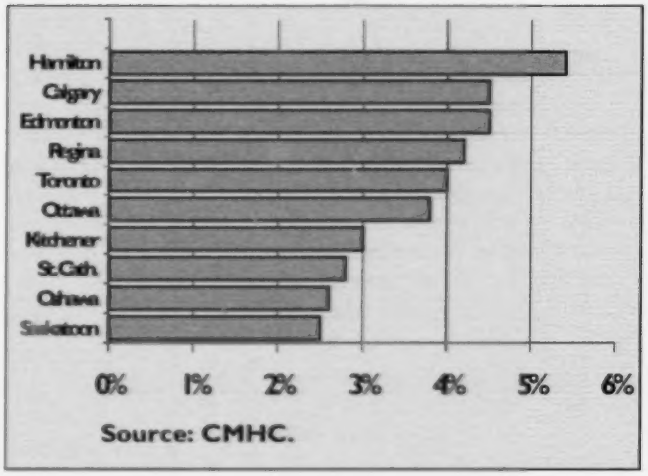
Supply Factors

Supply factors also contributed to tighter rental markets. In 1998, rental starts in urban centres totalled only about 6,500, compared to over 30,000 at the beginning of the decade.

In some markets, minimal new construction was more than offset by losses from the existing rental stock. Such was the case in **Ottawa**, the tightest rental market in Canada, where conversions from rental to ownership tenure reduced the size of the privately initiated stock of buildings of three units or more.

Condominium conversions also contributed to a decline in the rental universe in **Calgary**. In this case, however, weaker job creation, reduced net migraton, and competition from the home ownership market served to raise the vacancy rate in spite of the reduced supply.

Highest Rent Increases
Two-Bedroom Apartments



Source: CMHC.

Short-Term Rental Market Outlook

Whether rental markets will continue to tighten will depend on the interaction of supply and demand. With renter age populations continuing to grow, there will be no shortage of demand.

Rental Demand

Demand is currently running well ahead of new rental construction. This situation is nothing new. Census data indicate that occupied rental units increased at a rate of 37,300 a year between 1991 and 1996, while the number of completed rental units in urban areas averaged only about 20,000 annually.

CMHC estimates demand (growth in renter households) will strengthen to close to 50,000 units a year between 1996 and 2001. In 1997 and 1998, urban rental completions amounted to only a fraction of this projected demand - roughly 7,400 units annually. Figures for 1999 are only slightly stronger.

It is possible that the improved performance of the Canadian economy could reduce rental demand below the projected levels described above through bringing home ownership within reach of a greater number of people; however, any such reduction would be very unlikely to be large enough to eliminate the large gap between demand and new rental construction. In any case, a counterargument could be made that putting more income in people's pockets might raise rental demand by giving those forced to share accommodation

the means to move out and live independently. The 1996 Census highlighted an increase in the proportion of young adults living with their parents, some of them presumably out of necessity rather than preference.

The bottom line is that rental demand will surely be much higher than recent rental construction levels. Over the twenty-five-year period from 1971 to 1996, rental households accounted for roughly 25 to 35 percent of the total increase in households. Even using the low end of this range produces estimated rental demand in the neighbourhood of 40,000 units annually.

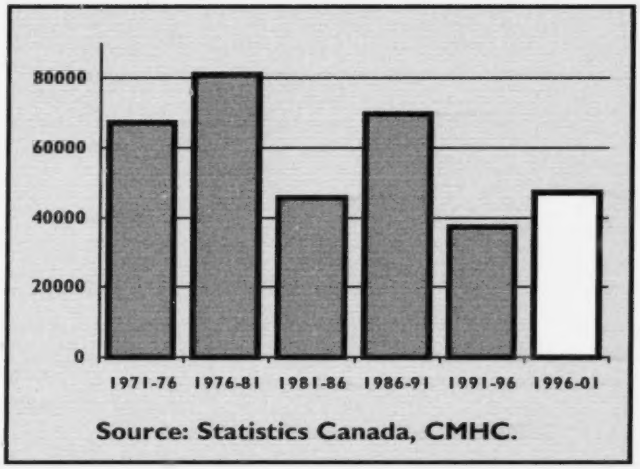
Rental Supply

The above discussion underlines the fact that a significant portion of rental demand is met through sources of supply other than rental starts and that these sources are becoming increasingly important. This secondary rental market includes accessory apartments, other units added to the stock through conversions, units moved from ownership to rental tenure, and rented condominiums. Comparing data on the total number of renter households to the number of units in the universe of conventional apartments suggests that the secondary market comprises as much as 40 per cent of total rental supply in Canada. Clearly, growth in this large universe of alternative rental units will affect vacancy rates reported for conventional apartments.

What are the prospects for a significant rise in rental starts? A recent CMHC study *Understanding Private Rental Investment in Canada* found that there is increased interest in developing new rental units. Perceived advantages of investing in rental housing include stable cash flow and lower risk relative to other types of real estate. Both of these advantages arise largely because vacancy rates are lower and less volatile than for other types of real estate. In turn, the relative stability of vacancy rates reflects continued demand for housing and the fact that landlords have many individual tenants. Less volatile vacancy rates make forecasting cash flow easier.

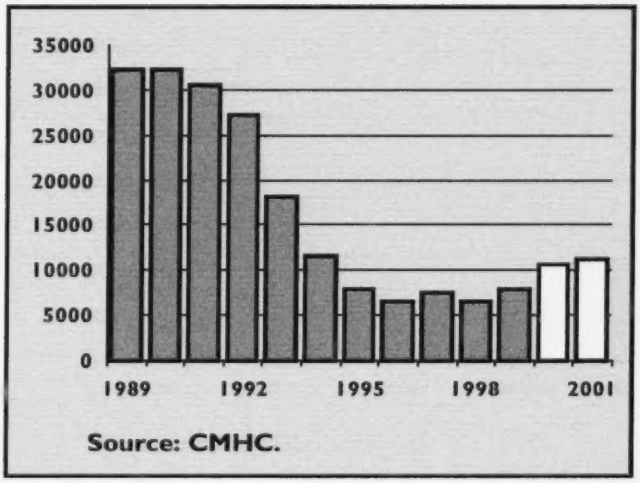
The report also indicates, however, that returns on new rental investment, while positive, are generally below the 15 per cent level (cash flow/equity) that developers are seeking. Of the six cities studied, only **Halifax** could meet such expectations. Development costs, including land and construction costs and taxes, are high in relation to market rents. An additional impediment to new construction is that returns are below those achievable on existing rental properties. For a look at how one province, Ontario, is trying to improve the climate for investment in rental housing, see the attached article.

Rental Demand, Canada
Annual Growth in Occupied Rental Units



Source: Statistics Canada, CMHC.

Rental Housing Starts
Canada, Urban Areas



Source: CMHC.

The Bottom Line

With rents rising in tighter markets, look for rental starts to increase by about 2,500 units this year to a total of 10,600, the highest output since 1994. Despite jumping by over 20 percent, starts will still be modest by the standards of the early 1990s. Ontario will account for the bulk of the increase - around 2,000 units. Overall, the rise

in construction of new rental units this year will only just offset demand generated by strong employment gains, migration, and underlying growth in renter-age populations. Accordingly, the vacancy rate for all metropolitan areas will hold steady at 2.4 per cent. With forecast vacancy rates of 0.9 per cent, **Ottawa** and **Kitchener** will share the distinction of having the tightest rental markets.

See the table on page 22 for provincial rental starts forecasts.

The table of local housing market indicators on pages 26 and 27 provides vacancy rate forecasts for 27 markets.

Ontario's Tenant Protection Act: Encouraging Rental Housing Investment

Eric Adams, Senior Policy Advisor
Ontario Ministry of Municipal Affairs & Housing

Passage of the Tenant Protection Act on June 17, 1998, is one of several initiatives undertaken by Ontario to improve the climate for investment in rental housing. Others include the Fair Municipal Finance Act, which allows municipalities to create a separate property class for new rental buildings and places all condominiums in the residential property class rather than the multi-residential property class; changes to the Planning Act to streamline land use approvals; amendments to the Ontario Building Code to improve cost-effectiveness; and amendments to the Development Charges Act to reduce the scope of services for which municipalities can levy charges.

In March 1999, the government announced other initiatives to encourage more private sector investment: the PST rebate program – a grant to offset the cost of provincial sales tax on materials (up to a maximum of $2,000 per unit) for builders of affordable multi-residential housing (up to 4,000 units could be created); the use of government land for affordable housing – a minimum of 500 units are expected to be built; and, a commitment to spend an additional $50 million on rent supplements.

The Tenant Protection Act applies to most residential rental property in Ontario. Some types of rental accommodation are partially or completely exempt from certain provisions. For example, institutions such as hospitals and nursing homes are completely exempt. New rental construction is exempt from most rent rules.

Among the main features of the legislation that encourage investment in existing and new rental housing are the following:

Vacancy decontrol/recontrol of rents. When a unit is vacated, the landlord can negotiate the in-coming tenant's rent without regulatory restriction. The system provides a balance between protecting tenants from dramatic increases in rents and allowing some market reality into setting of rents. Once a new tenant moves in, future rent increases are subject to the annual rent increase guideline established under the act.

Cost Pass-through for Capital and Operating Costs. Above-guideline rent increases are based on three criteria: capital expenditures, operating costs for security services (both with a 4% cap on the amount of the pass-through per year), and extraordinary operating costs for utilities and/or municipal taxes and charges. There is no cap on the latter since landlords have little or no control over increases in utility costs and property taxes.

Demolitions, Conversions and Major Repairs. The previous provincially mandated municipal approval process has been eliminated. The new approach to demolitions, conversions, and major repairs allows landlords to decide the best economic use of their property, while providing security of tenure and compensation for tenants. Some municipalities have official plan policies in effect which may limit conversions and delay demolitions.

Streamlined Eviction Process. A landlord can evict a tenant on a number of grounds, including rent arrears, causing damage to the property, carrying out an illegal act, and impairing the safety of the landlord or another tenant. The eviction process is more streamlined: hearings are scheduled sooner and the process is reduced to one step. There is a fast-track process if a tenant seriously impairs the safety of another person.

British Columbia

Overview

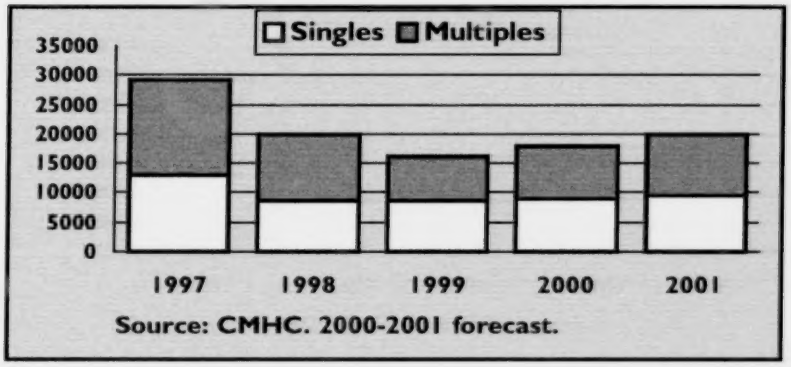
Improving conditions into the millennium.

The BC housing market has bottomed out and will begin to show signs of life in 2000, reaching 18,000 starts and 20,000 in 2001.

For full recovery, further improvements are needed in consumer confidence, population growth, and economic performance. While the economy is beginning to turn the corner in response to higher commodity prices, better exports, and recovery in Asia, population growth and consumer confidence will recover more slowly.

Improved consumer confidence is needed to draw local buyers into the market. This is particularly important for developers who market to first-time buyers and young couples. In recent months, there is evidence of strong demand for new projects in under-supplied markets, especially those near the water or with water views.

B.C. Starts



Source: CMHC. 2000-2001 forecast.

The net outflow of people to other provinces has hurt B.C.'s housing market. Population growth will slowly improve, and inter-provincial out-flows will reverse as B.C.'s employment growth begins to approach levels in Alberta and Ontario. However, many resource communities will experience negative population growth into 2000. Populations of smaller resort communities such as **Pemberton** near Blackcomb ski resort, **Whistler**, **Tofino**, **Radium Hot Springs**, and **Harrison Hot Springs** will continue to grow faster than 2 per cent annually. Opportunities will exist in these smaller centres for developers targetting baby-boomers.

In Detail

Single Starts: Single-detached starts will continue to be driven by strong demand in all markets for this product type. Single starts will be robust, reaching 9,000 in 2000 and 9,500 in 2001.

Multiple Starts: Townhouse development will improve due to lack of supply in key markets and the relative affordability of this product compared to single- detached housing. Future opportunities will be geared to adult-oriented housing projects that provide various amenities. New apartment condominium projects will be located in urban markets, reaching younger buyers in the professional and business service sectors. U.S. buyers are also interested in apartments and townhomes. Key markets include the downtown core of **Vancouver**, waterfront properties on the **Gulf Islands**, and resort areas such as **Whistler.**

Resales: As pent-up demand for housing continues to grow, the resale market will strengthen. This will trigger demand for new housing as people who have been trying to sell their homes "downsize" to townhomes or condominiums and capture some of the equity gains in their single-detached homes.

Prices: House prices will continue to be stable and even improve in under-supplied markets. Price growth will be tempered by the upward drift in mortgage rates and B.C.'s economy, which is lagging other regions. Flat disposable income in B.C. will translate into small gains in consumer buying power.

Spotlight on CONSUMER TASTES

Craftsman architecture most popular

Consumer preference in B.C. will be for new homes mimicking a "craftsman" style of architecture or versions of Cape Cod themes. Two-level homes with cedar siding and traditional porches and interior features such as large kitchens, 3 bathrooms, and vaulted ceilings will be popular. Housing will be wired, giving consumers access to technological innovations. The challenge will be to achieve this in a "non-futuristic" manner. If new consumer products keep coming onto the market at the current pace, half the items used to operate the average home by the year 2005 have either not yet been invented or are not yet available.

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Alberta

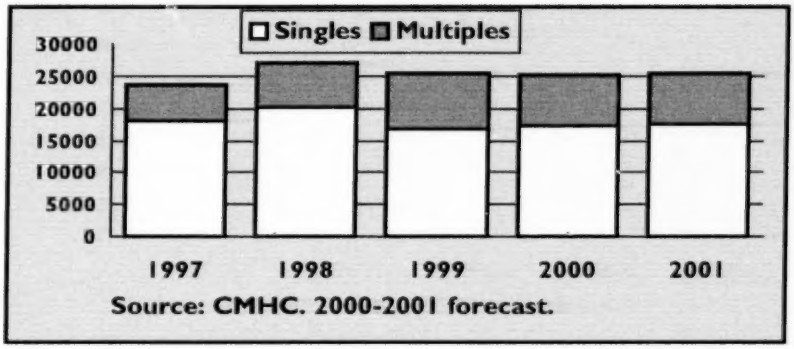
Overview

Steady economic growth ahead, though an adjustment to multi-family market will undermine total starts in 2000.

The outlook for the Alberta economy is improving, as the province benefits from soaring energy prices. Following spending cuts in 1998 and 1999, energy companies are significantly increasing their capital expenditure plans over the forecast period. Evidence of this includes the recent announcement by Shell Canada Ltd. to raise capital spending by $4.1 billion over five years. Such investments will boost employment in the construction and oil-field service sectors, adding to Alberta's robust job gains.

Despite improved economic growth and better economic fundamentals in the oil industry in 2000, total housing starts across Alberta are expected to decline by 1.3 per cent in 2000. Overall starts in Alberta will be undermined by an adjustment to **Calgary's** overheated multi-family market.

Alberta Starts



Source: CMHC. 2000-2001 forecast.

Despite increases to mortgage rates, Alberta's resale markets will benefit from strong full-time job growth and improved consumer confidence. An active move-up market will add to the pool of new listings, offering more selection to potential homebuyers.

Unfortunately for Alberta housing markets, the resurgence in the energy sector comes at a time when the B.C. economy is recovering from its recession and the Ontario economy continues to power ahead. These factors will moderate the number of migrants to the province. In 2000 and 2001, net migration will fall below the 1998 peak, averaging 21,750.

In Detail

Single Starts: Following an 17 per cent reduction in single-family starts in 1999, construction of new singles will record moderate gains over the next two years. Look for increased demand for starter homes from buyers faced with increasingly high rents and limited selection of affordable, good-quality resale homes.

Multiple Starts: Multiple-family construction will decline by around 10 per cent in 2000 in response to **Calgary's** overheated condominium market. Nevertheless, new multiple-family dwellings will remain popular affordable alternatives to single-family dwellings. Most of the province's multiple construction will be in home ownership, such as town homes and condominium apartments. Rental starts will remain low as average rents still do not justify new construction.

Resales: Resale markets are characterized by steady demand, rising prices, and sellers' conditions. Residential sales in 2000 and 2001 will reach 43,000 and 44,000 respectively, exceeding the record 43,693 set in 1997.

Prices: Increased listings relative to sales in many markets will represent a move from sellers' to balanced conditions, limiting price growth. Price increases will moderate to 4.3 per cent in 2000 and 3.5 per cent in 2001.

Spotlight on BUILDING COSTS

A red hot U.S. housing market is contributing toward a hike in building costs. Developers report that construction costs across Alberta have been elevated by a rise in the price of drywall, lumber, and insulation, costs which are directly passed on to the consumer. For 2000, we can expect that price increases for asphalt shingles and concrete products will add to construction costs.

In addition to building materials, strong labour demand from the non-residential sector will boost labour costs over the forecast period. Non-residental developments include the Shell Canada Ltd. $4 billion Muskeg River oilsands project near Fort McMurray.

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Saskatchewan

Overview

Housing markets show strength in the face of economic slowdown.

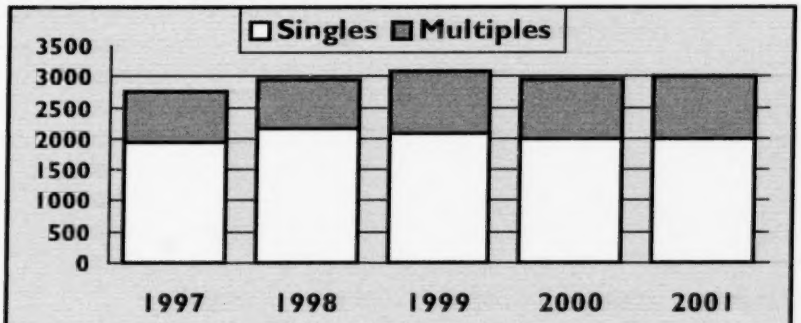
Provincial housing markets will maintain a brisk pace despite weak economic growth. Housing starts will push or surpass the 3,000 unit mark in each of the next two years, the highest level of home construction in the more than a decade.

There will be two major thrusts in home building. The pace of multiple construction, primarily of upscale condominium dwellings for seniors and empty-nesters, will be maintained. Construction of single-family dwellings in rural Saskatchewan will also play an important role.

Saskatchewan resale markets have been characterized by low inventories of listings relative to sales. There are extreme shortages of starter homes for tenant households facing rising rents. Look for more price increases as buyers bid for modestly priced homes in desirable areas.

Looking at the economy, the 1999 crop was particularly robust as far as volumes are concerned, but prices have been dismal for virtually all grains and oil seeds. World markets for Saskatchewan resources bounced back in mid to late 1999, promising improved job growth in this sector in 2000 and 2001. Oil drilling has already responded to escalating prices.

Saskatchewan Starts



Source: CMHC. 2000-2001 forecast.

In Detail

Single Starts: Single-family construction in rural areas seems to fly in the face of logic given rural-urban migration and a weak farm economy that is not expected to recover in the near term. Notwithstanding these negative factors, pent-up demand throughout rural Saskatchewan and on-reserve housing needs are contributing to single-family rural housing starts.

Multiple Starts: The big story of 1999 was construction of condominium housing to meet demand from the province's burgeoning population of seniors. Although some industry analysts have forecast a surplus of multiple inventory, sales have kept inventories at balanced levels, and production will continue in 2000 and 2001.

Resales: Sales of existing homes have peaked as the supply of homes suitable for first-time buyers dwindles in most Saskatchewan communities. Rising rents will ensure continued demand for resale homes in 2000 and 2001.

Prices: Rising resale prices will encourage more Saskatchewan seniors to use the equity in their homes to adopt the condominium lifestyle. Life-lease units have also proved popular. This should ease the resale supply problem to some extent.

Spotlight on the RENTAL MARKET

The average vacancy rate for all apartments surveyed in Saskatchewan cities was found to be 1.7 per cent, little changed from October 1998, when the average rate was 1.6 per cent. We attribute the low average vacancy rates in most cities to high in-migration from rural Saskatchewan.

Steady demand and little new rental construction have made it possible for landlords to increase rents. Provincially, average rents have jumped by almost three per cent compared to last year's survey figures.

Look for low vacancies and rising rents in 2000 and 2001.

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Manitoba

Overview

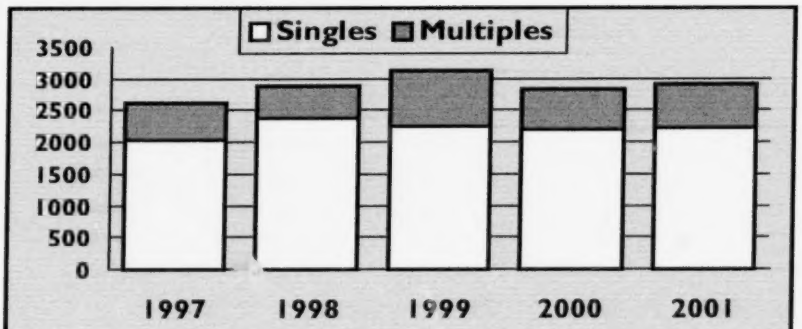
Manitoba's housing markets buoyed by employment growth and consumer confidence.

Broad-based fundamentals will support Manitoba's residential construction outlook. Last year, the housing market exceeded expectations with residential construction growing by 8.2 per cent and housing starts surpassing 3,000 units. Apartment and row construction accounted for most of the growth.

Starts are expected to decline by 9 per cent this year as developers pause to allow for absorption of multiple-family dwelling units. However, construction levels are anticipated to rise next year. Solid employment gains and higher wages, accompanied by federal and provincial tax cuts, will support the demand for new and resale homes. Rural areas, which were adversely affected by poor farming conditions, will exhibit some growth in response to better growing conditions and improving commodity prices.

The end of the lockout at Inco's nickel mine in **Thompson** will boost mining output and associated processing activities. Primary industries are set for a recovery this year, and real GDP will increase by 2.4 per cent. Manitoba's fiscal position remains sound with decreasing debt-to-GDP ratios. Furthermore, net out-migration is expected to decline as employment prospects remain bright.

Manitoba Starts



Source: CMHC. 2000-2001 forecast.

In Detail

Single Starts: In response to increases in mortgage rates, many potential home buyers have decided to purchase new homes before rates reach higher levels. Look for single starts to reach 2,180 this year. This momentum is expected to continue in 2001, with 2.3 per cent growth.

Multiple Starts: Multiple housing starts will decline by 26 per cent this year and rebound in 2001. The surge in apartment construction in 1999 will result in a large supply of multiple-family units to reach the market in midyear. Once the market adjusts, higher levels of activity are anticipated to meet the needs of an aging population.

Resales: Resale markets have tightened due to a decrease in listings. Most urban centres are experiencing balanced market conditions. CMHC is forecasting 10,750 sales this year and a slight easing in 2001, as potential buyers turn to the new home market because of a lack of choice.

Prices: Average residential prices are forecast to increase by 1 per cent in both 2000 and 2001. Despite the increase in move-up activity, CMHC expects first-time home buyers to become more active in the coming year. This will moderate price growth due to increases in starter home sales.

Spotlight on RURAL RENTAL MARKET

Vacancy rates decline

A strong Manitoba economy combined with low levels of rental construction produced tighter vacancy rates throughout rural Manitoba. The 1999 bi-annual Manitoba Rural Rental Market Survey found the overall vacancy rate in privately-owned rental properties to be 3 per cent in 1999, down from 3.6 per cent in 1997.

For the next survey in 2001, vacancy rates are expected to remain low as Manitoba's economy will continue to perform well. This should translate into increased building opportunities for rental construction in the future.

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Ontario

Overview

Jobs attracting people like a magnet.

Ontario's housing cycle is in its expansion phase, at starts levels about half way between a 1987 high and a 1995 low. Starts leaped ahead last year, partly because of a surge following the **Toronto**-area construction trade strike the year before, but mainly because of job-driven household formation.

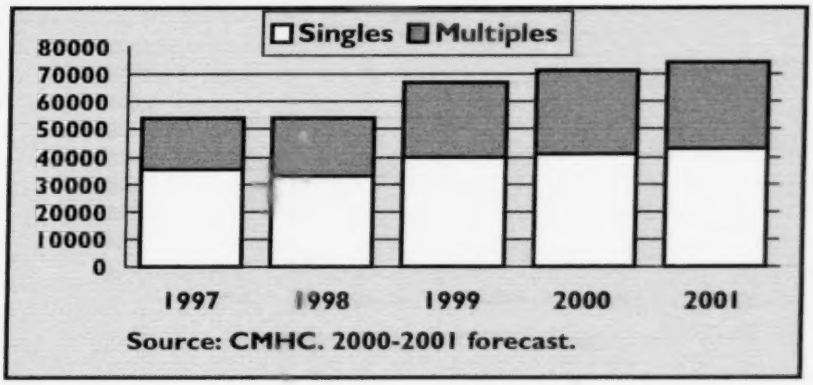
The province's home markets will remain among Canada's top performers for two main reasons: stronger-than-average job growth and migration. Job opportunities will attract migrants from abroad and from other provinces. These newcomers will need homes.

Job creation in the last two years has been comparable to that in the housing boom of the late 1980s. While a growing U.S. economy and a stronger world economy only add fuel, home markets will not be as heated as they were then — largely because the baby boom is older, but also because Ontario's population is not growing quite as rapidly.

Baby boomers have reached an affluent age when most have purchased first homes. Some will sell their homes to cash in their equity and move up to new dream homes.

Affordable mortgage carrying costs and good job prospects will keep resale markets active. Cost-sensitive first-time home buyers, who often prefer resale homes, will be out in force.

Ontario Starts



Source: CMHC. 2000-2001 forecast.

In Detail

Single Starts: Starts jumped by a fifth last year and will continue to grow. Improved home equity gains and the aging of Ontario's population into high-income years will boost construction of this most popular, but also most expensive, form of housing.

Multiple Starts: Multiple starts skyrocketed by over a third in 1999, and even higher levels are predicted. Most starts will be in ownership homes: townhomes and condominium apartments. Demographic demand will boost rental construction, but levels will remain historically low.

Resales: Affordable mortgage rates and jobs have done their part. A record number of resale homes traded hands in 1999, and resales will continue to rise.

Prices: Increased demand and a stable supply of listings pushed price growth into the four per cent range. Average resale price hit its highest level of the decade last year. This year it will finally surpass the $179,040 average set back in 1989.

Spotlight on RENTAL VACANCIES

Rental markets tightened in 1999, and the trend will continue. Ontario's apartment vacancy rate fell to 2.1 per cent from 2.6 the year before. Average rents jumped 3.5 per cent.

Job creation and an influx of people throughout Southern Ontario warmed rental markets considerably more than in the North, where job opportunities were fewer. Vacancy rates moved lower in eight of Ontario's ten Census Metropolitan Areas. Ottawa and Toronto are the hottest markets with vacancy rates of 0.7 and 0.9 per cent respectively. Sudbury and Thunder Bay, at 11.1 and 7.5 per cent respectively, are the coolest.

Three principal demand factors will squeeze rental markets further over the next few years: full-time jobs, high in-migration, and growth in Ontario's young adult population. Younger people and migrants tend to be renters since they need time to become established enough to buy homes.

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Quebec

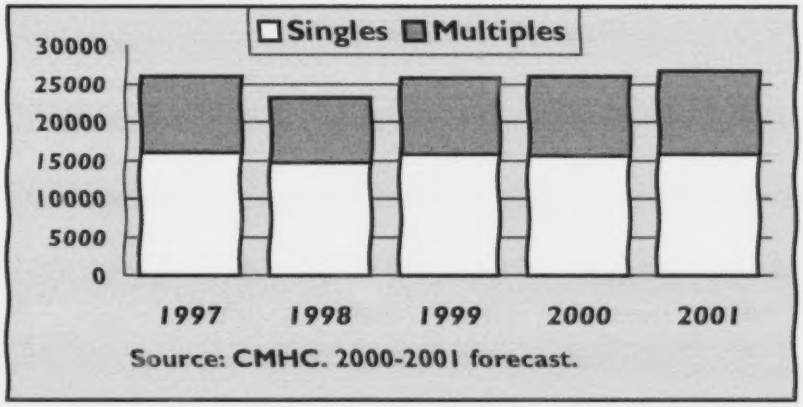
Overview

Employment: a growth factor for the residential construction sector.

According to our forecast, the unemployment rate will continue to decline over the years 2000 and 2001. In fact, this rate will attain 8.9 per cent in 2000 and 8.6 per cent in 2001. Employment growth will be maintained at 1.6 per cent during this period.

The vigour of the labour market will be a positive factor for the residential construction sector. As a result, the first-time home buyer group, mainly composed of young households, will benefit the most from the favourable economic context, as was recently indicated by the Conference Board's Index of Consumer Attitudes.

Quebec Starts



Source: CMHC. 2000-2001 forecast.

Given the job prospects, housing starts for all of Quebec will reach 26,000 and 26,600 units in 2000 and 2001 respectively. As for MLS sales, they will hover around 46,500 units in 2000 and 2001. The resale market will also be heading towards a better balance between buyers and sellers.

In Detail

Single Starts: Detached housing starts will attain 15,500 and 15,700 units in the years 2000 and 2001, respectively. Activity in this sector will be buoyed by the good employment conditions prevailing in large metropolitan areas. It should also be noted that the intense activity in the resale sector will favour demand for new single-detached homes on the part of second- and third-time buyers.

Multiple Starts: Multiple housing construction will rise by 5.2 per cent in the year 2000 and then by 4.1 per cent in 2001. Semi-detached and row housing starts will surpass 3,200 units, for changes of 15.5 per cent in the year 2000 and 2.5 per cent in 2001. The narrowing of the price gap between the existing and new home markets will steer first-time buyers towards the latter market. As for apartment starts, they will remain at essentially the same level, with close to 7,500 new units during this period. According to our forecast, the rental market will continue to improve across all of Quebec's metropolitan areas, as the vacancy rate is expected to decrease.

Resales: Activity in the resale sector will be robust over the next two years but will not break any more records and will remain under the 50,000-unit mark.

Prices: The price gap between existing and new homes will narrow over the next two years. The growth in prices forecast for existing and new homes will stay in the same range of 1.3 per cent to 1.5 per cent in the years 2000 and 2001.

Spotlight on DEMOGRAPHICS

Net migration will remain positive over the forecast period at levels of around 7,000 persons per year.

Demographic projections show that the under 25 year and the 25-44 year age groups will each represent just over 30 per cent of the total population in the year 2001. As for the 45-64 year segment, it will comprise over 25 per cent. Seniors will attain 13 per cent of the population. In terms of growth, the first two groups will continue to decline at a rate of close to 1 per cent. The 45-64 segment will grow by 2.9 per cent and the seniors group will increase by 2 per cent.

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New Brunswick

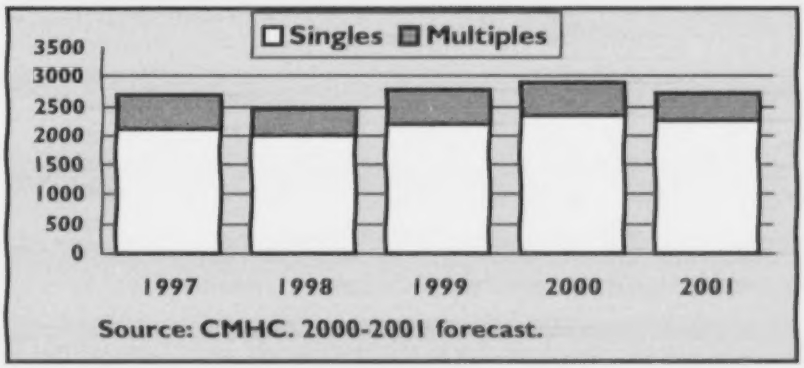
Overview

Single family home construction to maintain strong pace.

The New Brunswick housing market is poised for another excellent year in 2000 as construction megaproject investment realizes its maximum impact on the provincial economy. Although economic growth and job creation will slow from 1999's strong pace, consumer confidence is expected to remain high and unemployment relatively low well into 2000.

Despite completion of the Sable Gas pipeline project, pipeline lateral construction, the Irving Refinery expansion, and the Moncton-Fredericton Highway project will continue to support economic growth in New Brunswick through 2001. The spin-off effects of these projects will reach a peak in 2000 as the business services, retail trade, and residential construction industry sectors reap the benefits.

New Brunswick Starts



Source: CMHC. 2000-2001 forecast.

This year, both new construction and resale markets are expected to post improvements over 1999. Look for the resale market to match last year's record sales performance and modest price growth to continue throughout 2000. Lower demand is expected to weaken the resale market in 2001.

The pace of single-family home building will remain strong in 2000 as a tightening resale market makes new construction an attractive alternative for many potential home buyers.

Multiple-unit construction will dip slightly from last year's healthy pace, but strong rental markets in **Moncton** and **Fredericton** will support further substantive additions to the rental stock in 2000.

In Detail

Single Starts: Tightening resale market conditions and a modest improvement in rural home building activity will allow single-family home construction to maintain a strong pace. It is anticipated that more home buyers will opt for new homes to meet their housing needs in the face of a shrinking supply of existing homes for sale at steadily increasing prices.

Multiple Starts: Declining vacancy rates in New Brunswick's larger urban centres will be the catalyst for another busy year for rental developers. The surge in demand last year from both intra- and interprovincial migrants looking for work will abate in 2000, but new projects are anticipated from developers ready to capitalize on undersupplied submarket conditions in **Fredericton** and **Moncton**.

Resales: Following on the heels of a record year in 1999, the resale market is poised to match last year's sales performance in 2000 as buyers remain confident. However, it is expected that declining listings and retreating demand will dampen sales activity in the fourth quarter of 2000 and into 2001.

Prices: The average MLS sales price is expected to surpass $90,000 this year, although price growth will slow from the strong pace of 1999 as affordability conditions worsen. Weakening demand and competition from new construction is expected to limit potential for appreciable price growth in 2001.

Spotlight on SAINT JOHN

Economic resurgence a boon for housing

The Irving Refinery expansion, the new Xerox Knowledge Centre, and a fledgling call-centre industry are driving a strong local economy in Saint John, which is expected to have a substantial impact on the local housing market this year.

Single starts are forecast to increase 20% and total starts 31% in 2000. MLS sales are projected to increase 3.6% and average MLS Sale Price 1.8% in 2000. The vacancy rate is forecast to fall from 5.2% to 4.8% in 2000. The New House Price Index is expected to climb 2.0% in 2000.

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Nova Scotia

Overview

Continued strength of Halifax market to sustain housing activity into 2000.

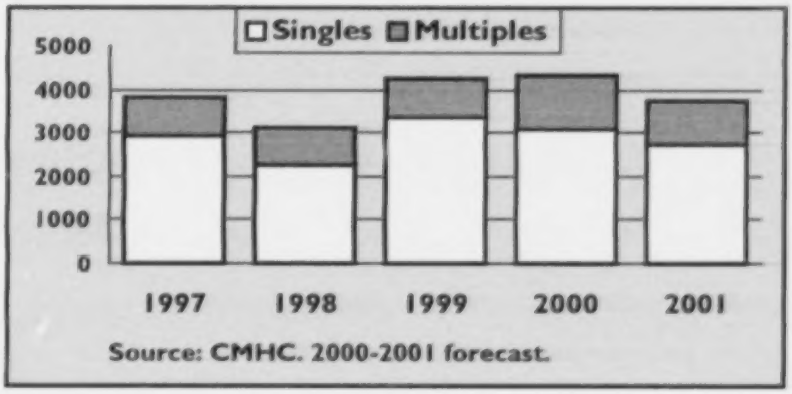
Further gains in multi-family construction concentrated in the **Halifax** market will produce another year of strong housing markets in Nova Scotia. Housing starts will be up for the second year in a row, while resales will turn in a performance second only to a record year in 1999.

Limiting growth in housing activity will be slower economic growth brought on by the completion of the Sable Offshore Energy project. However, the $1 billion distribution phase of natural gas will begin and will partially offset the ending of the offshore component of this multi-billion-dollar project. Also contributing to economic activity will be another record year in tourism and continued growth in port activity.

The **Halifax** market will drive economic and housing activity, accounting for nearly two of every three starts and a comparable proportion of resales.

Notwithstanding the importance of the **Halifax** market, the rest of the province will also perform at a healthy, albeit slightly slower pace. The one exception will be the **Cape Breton Regional Municipality**, where large scale job losses will further dampen an already weak economy.

Nova Scotia Starts



Source: CMHC. 2000-2001 forecast.

In Detail

Single Starts: Single starts will slow slightly as demand for new homes eases from a very strong performance in 1999. Softening demand will be brought on by slower economic and job growth. Limiting the decline in home building will be continued strong consumer confidence and a relatively small supply of existing homes on the market.

Multiple Starts: A strong building season in 1999 will be topped in 2000 as multiple-family homes reach a five-year high. The **Halifax** market will drive new multiple development in the new year, with an estimated 80 per cent of multiple starts coming in the provincial capital. Although most of the province's multiple construction will be in rental apartments, condominium development (which has traditionally been slow) will show signs of life with several projects slated for construction in 2000.

Resales: Resale markets will retreat from a record-setting 1999. However, the 8,400 sales expected over the next year will be the second best year ever recorded in Nova Scotia.

Prices: Healthy demand and limited supply will put continued upward pressure on house prices over the next two years. Continued high levels of affordability and strong demand from the move-up buyer will keep the average house price above $100,000 for the next two years — record levels for Nova Scotia.

Spotlight on EMPLOYMENT

Job gains hit dizzying heights

Nova Scotia's recent and forecast housing performance should come as no surprise given the number of jobs created over the last two years. Between 1997 and 1999, 23,000 jobs were created, a huge gain by Nova Scotia standards. Job gains can be found in the goods and service sectors, with Sable Island gas and call centres gaining a lot of attention.

Although the current pace of job creation will not be sustained, a further gain of 12,000 jobs is forecast for the next two years. With more Nova Scotians working, the province's housing markets should continue to perform well.

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P.E.I.

Overview

The Island's housing market remains strong.

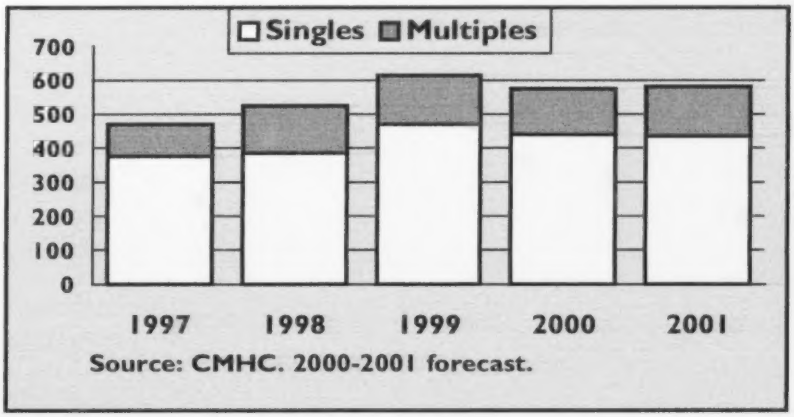
Employment did not grow significantly in 1999. However, strong consumer confidence combined with attractive mortgage interest rates continued to stimulate the demand for housing.

In 1999, total housing starts jumped to the highest level since 1994. Lower starts are expected in 2000, but activity will remain strong in historical terms.

Sales of existing homes maintained momentum last year and are expected to exceed the 1998 record. However, the higher demand for existing homes in 1999 will result in fewer listings and a slight drop in MLS sales in 2000, breaking the upward trend started in 1995. A tightening resale market in 2000 will put upward pressure on prices as well. As a result, expect continued increases in average MLS sales prices over the forecast period.

Gross Domestic Product did not grow last year at the same pace as in the mid-'90s when PEI led the country in economic growth. However, the Island's economy will continue to show solid growth above 2 per cent over the forecast period, as the Confederation Bridge is helping to create a new climate for investment. Improved accessibility and lower transportation costs due to the fixed-link will continue to support strong performances by most key industries, including manufacturing, tourism and construction.

P.E.I. Starts



Source: CMHC. 2000-2001 forecast.

In Detail

Single Starts: Improved consumer confidence and fewer affordable existing homes for sale in the **Charlottetown** area will prompt potential buyers to opt for the new home market. As a result, single starts in 2000 will remain near the strong level experienced in 1999.

Multiple Starts: Multiple-family starts are expected to edge down in 2000. Construction of new apartment units will also decline slightly next year, but will remain strong.

Resales: Sales in 2000 will not likely match the record level of 1999. This reflects a tightening resale home market in the **Charlottetown** area. Sales are expected to reach 1,150 units in 2000, still a very healthy level.

Prices: Improved demand for existing homes in the **Summerside** area combined with a scarcity of affordable existing houses in **Charlottetown** will create upward pressure on prices. The average MLS sale price is expected to rise by 1.8 per cent in 2000.

Spotlight on MIGRATION

Out-migration of young workers continues

PEI's improving economy and increasing popularity as a retirement paradise continues to attract older job seekers from other provinces. The latest migration data show that almost 55 per cent of all in-migrants over the last 6 years were people over 45 years old. This is one of the key factors contributing to stronger demand for single-family dwellings over the last few years.

However, out-migration of young adults looking for job opportunities elsewhere in Canada has increased over the same period. PEI encountered out-migration of people between 18 and 24 years old for the fifth consecutive year in 1998.

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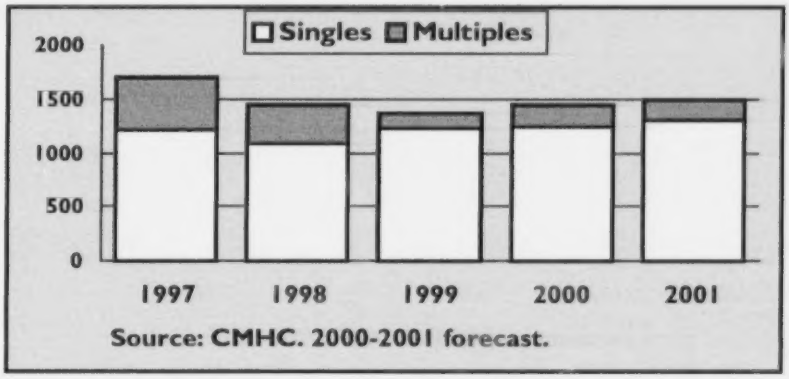
Newfoundland

Overview

The provincial economy is firing on all cylinders and is expected to stay revved up over the next few years helping to drive housing demand.

Newfoundland's economy, which has expanded at a healthy rate in recent years, will carry this momentum forward into the new millenium. Further expansion of oil and gas resources, highlighted next year by first oil from Terra Nova, the ongoing recovery in groundfish stocks, and the expected start-up of a number of megaprojects are just some of the major events that will shape the economic landscape over the next few years and beyond. Improved labour markets and migration flows coupled with strong wage growth will keep consumers in a good mood and stimulate provincial housing markets.

Newfoundland Starts



Source: CMHC. 2000-2001 forecast.

As the economic expansion becomes more broadly based, demand for housing in areas outside the **St. John's** region should also improve. Nevertheless, **St. John's** will maintain its dominance as the province's major centre, with its housing market once again expected to outperform the province as a whole.

In-migrants associated with an expanding oil and gas industry and sustained demand from move-up buyers will support brisk MLS sales. Housing starts will get a modest boost from tightening conditions in both the existing and rental markets, an expanding seniors population, and recovering rural economies.

In Detail

Single Starts: Shortages of good-quality existing units will persist, particularly at the high end of the market, keeping single-detached starts at current levels into 2000. Healthy wage growth and ongoing demand from oil-related in-migrants will push single starts slightly higher in 2001.

Multiple Starts: Oversupply in provincial rental markets, ongoing conversion of rental stock to condominiums and a shift away from semi-detached and two-apartment units to single homes will keep multiple starts low over the forecast period. However, investment in rental housing for an expanding seniors population will provide a modest boost to multiple starts in 2000 with a flat performance expected the following year.

Resales: Demand from move-up buyers will remain buoyant with the resale market expected to increase slightly from 1999's record-setting level. Shortages of good-quality existing units will result in some demand spillover to the new homes market and serve to limit gains in MLS sales.

Prices: Supply and demand dynamics combined with strength in the move-up segment will support price growth. Price growth in urban centres will continue to be moderated by sales in outlying areas.

Spotlight on MIGRATION:

Out-Migration Posts Sharp Decline

During the past quarter century, Newfoundland has averaged a net loss of approximately 4,500 people per year. Following the fishery crisis during the early part of 1990's, the level of out-migration rose significantly. Although net migration still remains above historical levels, recent data suggest a vast improvement is occurring. After reaching an all-time high in 1997-98, out-migration posted a sharp decline, falling almost 50 per cent in the past 12 months. This trend is expected to continue over the longer term as strong labour markets stemming from the sustained economic upturn encourage people to stay at home. The combination of employment growth and reduced out-migration will lead to a gradual reduction in the oversupply of housing and stimulate new investment over the medium to long term.

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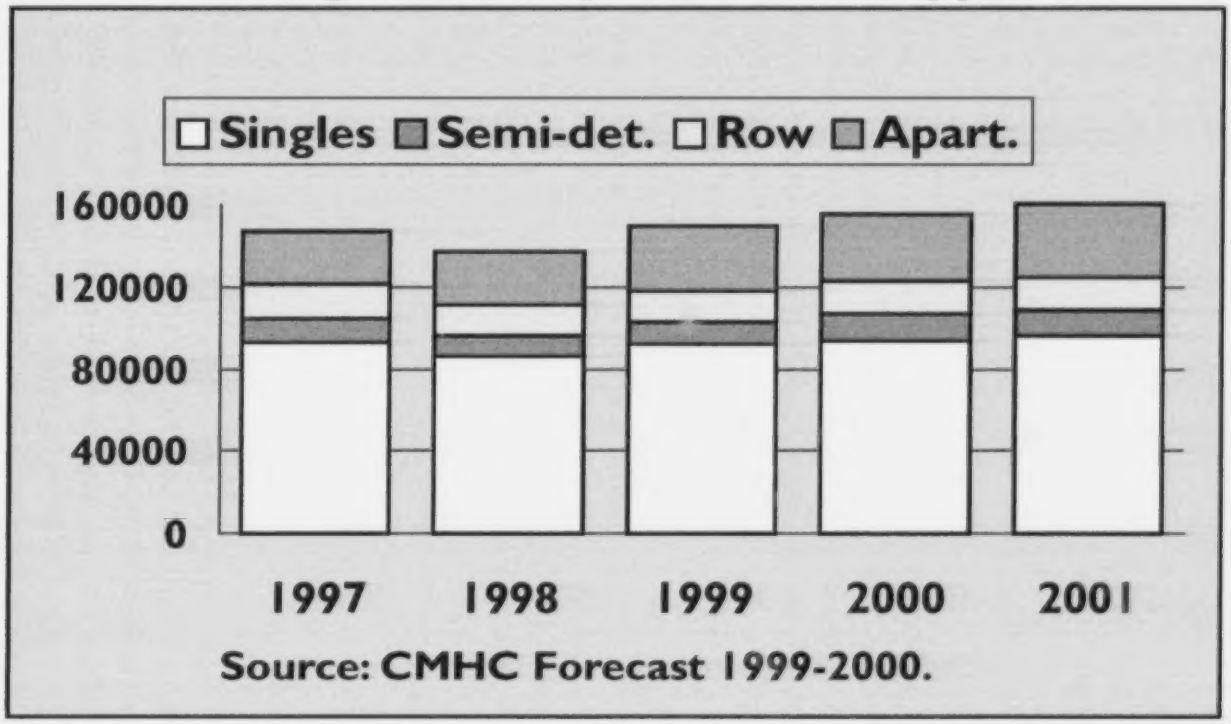
Housing Starts by Structure Type



Total Housing Starts
(units and annual per cent change)

	1995	1996	1997	1998	1999	2000 (F)	2001 (F)
NFLD	1712	2034	1696	1450	1371	1450	1500
%	(23.7)	18.8	(16.6)	(14.5)	(5.4)	5.8	3.4
PEI	422	554	470	524	616	575	580
%	(36.9)	31.3	(15.2)	11.5	17.6	(6.7)	0.9
NS	4168	4059	3813	3137	4250	4350	3750
%	(12.2)	(2.6)	(6.1)	(17.7)	35.5	2.4	(13.8)
NB	2300	2722	2702	2447	2776	2900	2715
%	(28.2)	18.3	(0.7)	(9.4)	13.4	4.5	(6.4)
QUE	21885	23220	25896	23138	25742	25990	26590
%	(35.9)	6.1	11.5	(10.7)	11.3	1.0	2.3
ONT	35818	43062	54072	53830	67235	71500	74500
%	(23.2)	20.2	25.6	(0.4)	24.9	6.3	4.2
MAN	1963	2318	2612	2895	3133	2845	2925
%	(38.6)	18.1	12.7	10.8	8.2	(9.2)	2.8
SASK	1702	2438	2757	2965	3089	2950	3000
%	(18.9)	43.2	13.1	7.5	4.2	(4.5)	1.7
ALTA	13906	16665	23671	27122	25447	25125	25600
%	(21.4)	19.8	42.0	14.6	(6.2)	(1.3)	1.9
BC	27057	27641	29351	19931	16309	18000	20000
%	(31.3)	2.2	6.2	(32.1)	(18.2)	10.4	11.1
CAN	110933	124713	147040	137439	149968	*155700	*161200
%	(28.0)	12.4	17.9	(6.5)	9.1	3.8	3.5

Source: CMHC Forecast 2000-2001.
(F) Forecast.
* Total does not add due to rounding.

Single-detached Starts
(units and annual per cent change)

	1995	1996	1997	1998	1999	2000 (F)	2001 (F)
NFLD	1165	1395	1220	1086	1233	1250	1300
%	(19.9)	19.7	(12.5)	(11.0)	13.5	1.4	4.0
PEI	364	430	374	387	472	440	435
%	(19.8)	18.1	(13.0)	3.5	22.0	(6.8)	(1.1)
NS	3040	3278	2939	2257	3345	3100	2750
%	(9.5)	7.8	(10.3)	(23.2)	48.2	(7.3)	(11.3)
NB	1722	2173	2125	1989	2201	2350	2250
%	(32.4)	26.2	(2.2)	(6.4)	10.7	6.8	(4.3)
QUE	13428	14818	16073	14685	15798	15530	15700
%	(27.1)	10.4	8.5	(8.6)	7.6	(1.7)	1.1
ONT	20124	27019	35401	32737	39421	41100	43100
%	(33.0)	34.3	31.0	(7.5)	20.4	4.3	4.9
MAN	1564	1875	2019	2368	2231	2180	2230
%	(35.9)	19.9	7.7	17.3	(5.8)	(2.3)	2.3
SASK	1341	1612	1954	2154	2070	2000	2000
%	(13.0)	20.2	21.2	10.2	(3.9)	(3.4)	0.0
ALTA	10096	12949	18170	20077	16688	17225	17400
%	(20.3)	28.3	40.3	10.5	(16.9)	3.2	1.0
BC	11581	12447	12911	8691	8731	9000	9500
%	(30.2)	7.5	3.7	(32.7)	0.5	3.1	5.6
CAN	64425	77996	93186	86431	92190	*94200	*96700
%	(28.0)	21.1	19.5	(7.2)	6.7	2.2	2.7

Source: CMHC Forecast 2000-2001.
(F) Forecast.
* Total does not add due to rounding.

Multiple Starts
(units and annual per cent change)

	1995	1996	1997	1998	1999	2000 (F)	2001 (F)
NFLD	547	639	476	364	138	200	200
%	(30.6)	16.8	(25.5)	(23.5)	(62.1)	44.9	0.0
PEI	58	124	96	137	144	135	145
%	(73.0)	113.8	(22.6)	42.7	5.1	(6.3)	7.4
NS	1128	781	874	880	905	1250	1000
%	(18.8)	(30.8)	11.9	0.7	2.8	38.1	(20.0)
NB	578	549	577	458	575	550	465
%	(11.9)	(5.0)	5.1	(20.6)	25.5	(4.3)	(15.5)
QUE	8457	8402	9823	8453	9944	10460	10890
%	(46.3)	(0.7)	16.9	(13.9)	17.6	5.2	4.1
ONT	15694	16043	18671	21093	27814	30400	31400
%	(5.5)	2.2	16.4	13.0	31.9	9.3	3.3
MAN	399	443	593	527	902	665	695
%	(47.2)	11.0	33.9	(11.1)	71.2	(26.3)	4.5
SASK	361	826	803	811	1019	950	1000
%	(35.1)	128.8	(2.8)	1.0	25.6	(6.8)	5.3
ALTA	3810	3716	5501	7045	8759	7900	8200
%	(24.1)	(2.5)	48.0	28.1	24.3	(9.8)	3.8
BC	15476	15194	16440	11240	7578	9000	10500
%	(32.2)	(1.8)	8.2	(31.6)	(32.6)	18.8	16.7
CAN	46508	46717	53854	51008	57778	*61500	*64500
%	(27.9)	0.4	15.3	(5.3)	13.3	6.4	4.9

Source: CMHC Forecast 2000-2001.
(F) Forecast.
* Total does not add due to rounding.

Multiple Housing Starts by Type

		1995	1996	1997	1998	1999	2000 (F)	2001 (F)
NF	Semi-detached	72	141	158	163	50	50	60
	Row	40	40	18	20	9	20	10
	Apartment	435	458	300	181	79	130	130
	Total	547	639	476	364	138	200	200
PEI	Semi-detached	20	10	12	28	32	30	25
	Row	18	68	43	10	31	30	25
	Apartment	20	46	41	99	81	75	95
	Total	58	124	96	137	144	135	145
NS	Semi-detached	417	447	303	290	218	175	175
	Row	72	59	58	89	29	30	25
	Apartment	639	275	513	501	658	1045	800
	Total	1128	781	874	880	905	1250	1000
NB	Semi-detached	127	138	106	106	134	135	105
	Row	51	92	132	89	94	90	80
	Apartment	400	319	339	263	347	325	280
	Total	578	549	577	458	575	550	465
QC	Semi-detached	2264	2384	2767	1930	1586	2000	2000
	Row	1046	1094	1433	1074	1184	1200	1280
	Apartment	5147	4924	5623	5449	7174	7260	7610
	Total	8457	8402	9823	8453	9944	10460	10890
ON	Semi-detached	2306	3348	4299	4575	6445	7700	7000
	Row	6175	8124	9964	10073	10425	10500	9900
	Apartment	7213	4571	4408	6445	10944	12200	14500
	Total	15694	16043	18671	21093	27814	30400	31400
MAN	Semi-detached	45	126	143	131	90	120	115
	Row	121	113	96	81	151	105	110
	Apartment	233	204	354	315	661	440	470
	Total	399	443	593	527	902	665	695
SK	Semi-detached	86	134	160	174	155	150	200
	Row	60	193	352	222	104	200	200
	Apartment	215	499	291	415	760	600	600
	Total	361	826	803	811	1019	950	1000
ALB	Semi-detached	592	1049	1458	1428	1570	1575	1640
	Row	1340	1203	1691	1512	1424	1625	1690
	Apartment	1878	1464	2352	4105	5765	4700	4870
	Total	3810	3716	5501	7045	8759	7900	8200
B.C.	Semi-detached	1607	1528	1979	1218	816	900	1000
	Row	2964	3364	3469	2117	1444	2100	2500
	Apartment	10905	10302	10992	7905	5318	6000	7000
	Total	15476	15194	16440	11240	7578	9000	10500
CAN	Semi-detached	7536	9305	11385	10043	11096	*12800	*12300
	Row	11887	14350	17256	15287	14895	*15900	*15800
	Apartment	27085	23062	25213	25678	31787	*32800	*36400
	Total	46508	46717	53854	51008	57778	*61500	*64500

Source: CMHC 2000-2001 Forecast.
* Total does not add due to rounding.

Multiple Housing Starts by Area and Tenure

		Centres 10,000 population and over							
		Rental/Co-op		Total				Other	All Areas
		Private	Assisted	Rental	Condo	Other*	Total 10,000+	Areas	Total
NFLD	1999	6	0	6	0	117	123	15	138
	2000	50	0	50	20	110	180	20	200
	2001	50	0	50	20	120	190	10	200
PEI	1999	116	0	116	0	8	124	20	144
	2000	75	0	75	0	35	110	25	135
	2001	95	0	95	0	25	120	25	145
NS	1999	571	0	571	0	164	735	170	905
	2000	655	0	655	250	200	1105	145	1250
	2001	590	0	590	100	200	890	110	1000
NB	1999	284	0	284	58	185	527	48	575
	2000	315	0	315	60	140	515	35	550
	2001	235	0	235	80	120	435	30	465
QUE	1999	3444	0	3444	3456	1838	8738	1206	9944
	2000	3128	0	3128	4005	2829	9962	498	10460
	2001	3431	0	3431	4387	2525	10343	547	10890
ONT	1999	1313	0	1313	13184	13190	27687	127	27814
	2000	3180	0	3180	12360	13960	29500	900	30400
	2001	3700	0	3700	14650	12100	30450	950	31400
MAN	1999	455	0	455	301	8	764	138	902
	2000	310	0	310	255	0	565	100	665
	2001	325	0	325	260	0	585	110	695
SASK	1999	80	0	80	633	121	834	185	1019
	2000	50	0	50	820	0	870	80	950
	2001	75	0	75	850	0	925	75	1000
ALTA	1999	1264	0	1264	5439	748	7451	1308	8759
	2000	800	0	800	5000	900	6700	1200	7900
	2001	800	0	800	5250	950	7000	1200	8200
BC	1999	1038	537	1575	5034	692	7301	277	7578
	2000	1200	800	2000	5900	700	8600	400	9000
	2001	1200	800	2000	7100	900	10000	500	10500
CAN	1999	8571	537	9108	28105	17071	54284	3494	57778
	2000	9763	800	10563	28670	18874	58107	3403	**61500
	2001	10501	800	11301	32697	16940	60938	3557	**64500

Source: CMHC 2000-2001 Forecast.
* Includes homeowner and unclassified units.
** Total does not add due to rounding.

MLS Total Residential Sales
(units and annual per cent change)

	1995	1996	1997	1998	1999 (E)	2000 (F)	2001 (F)
NFLD	1655	2005	2170	2288	2450	2500	2500
%	(11.6)	21.1	8.2	5.4	7.1	2.0	0.0
PEI	476	750	806	1125	1200	1150	1100
%	(20.5)	57.6	7.5	39.6	6.7	(4.2)	(4.3)
NS	7019	8372	7567	8052	8925	8450	8000
%	(1.7)	19.3	(9.6)	6.4	10.8	(5.3)	(5.3)
NB	3496	4023	3941	4080	4338	4375	4300
%	4.7	15.1	(2.0)	3.5	6.3	0.9	(1.7)
QUE	29824	39194	43463	45192	50030	46680	46590
%	(11.2)	31.4	10.9	4.0	10.7	(6.7)	(0.2)
ONT	104993	137921	140608	138463	148900	151000	156000
%	(8.8)	31.4	1.9	(1.5)	7.5	1.4	3.3
MAN	9749	10965	11180	10762	10700	10750	10710
%	(9.9)	12.5	2.0	(3.7)	(0.6)	0.5	(0.4)
SASK	7349	8689	8346	8068	8000	7600	7500
%	(1.5)	18.2	(3.9)	(3.3)	(0.8)	(5.0)	(1.3)
ALTA	29098	37485	43693	43383	42500	43000	44000
%	(10.5)	28.8	16.6	(0.7)	(2.0)	1.2	2.3
BC	58082	72182	68182	52910	57000	59800	62000
%	(22.8)	24.3	(5.5)	(22.4)	7.7	4.9	3.7
CAN	251741	321586	329956	314323	334043	*335300	*342700
%	(12.5)	27.7	2.6	(4.7)	6.3	0.4	2.2

Source: Canadian Real Estate Association and Real Estate Board of the Fredericton Area Inc., CMHC Estimate 1999, CMHC Forecast 2000-2001.
(E) Estimate. (F) Forecast.
* Total does not add due to rounding.

MLS Average Residential Price
(dollars and annual per cent change)

	1995	1996	1997	1998	1999 (E)	2000 (F)	2001 (F)
NFLD	89525	93661	92226	91514	94500	95500	96500
%	(2.4)	4.6	(1.5)	(0.8)	3.3	1.1	1.0
PEI	73807	83923	86402	79579	81500	83000	84000
%	(6.3)	13.7	3.0	(7.9)	2.4	1.8	1.2
NS	89788	93444	96693	97015	101000	103000	104000
%	(1.4)	4.1	3.5	0.3	4.1	2.0	1.0
NB	83994	84198	87205	86648	89000	90250	90500
%	(0.2)	0.2	3.6	(0.6)	2.7	1.4	0.3
QUE	98837	98603	101715	103947	107470	109100	110500
%	(3.3)	(0.2)	3.2	2.2	3.4	1.5	1.3
ONT	154606	155662	164382	167115	173700	180000	187000
%	(3.5)	0.7	5.6	1.7	3.9	3.6	3.9
MAN	81897	85318	85404	86334	86350	87000	87750
%	(2.2)	4.2	0.1	1.1	0.0	0.8	0.9
SASK	73796	77478	83978	87577	91500	95500	99500
%	1.5	5.0	8.4	4.3	4.5	4.4	4.2
ALTA	114772	117673	124865	132905	139500	145500	150600
%	(2.2)	2.5	6.1	6.4	5.0	4.3	3.5
BC	221860	218687	220512	212045	213000	208000	212000
%	(3.3)	(1.4)	0.8	(3.8)	0.5	-2.3	1.9
CAN**	150368	150848	154644	152363	157414	*161700	*167300
%	(5.0)	0.3	2.5	(1.5)	3.3	2.7	3.4

Source: Canadian Real Estate Association and Real Estate Board of the Fredericton Area Inc., CMHC Estimate 1999, CMHC Forecast 2000-2001.
(E) Estimate. (F) Forecast.
* Total does not add due to rounding.

Employment (annual per cent change)

	1995	1996	1997	1998	1999	2000 (F)	2001 (F)
NFLD	1.4	(3.8)	1.1	3.2	5.2	1.9	1.4
PEI	4.6	2.5	0.6	0.6	1.7	1.0	0.8
NS	1.2	0.2	1.8	3.0	2.6	1.2	1.7
NB	2.1	(0.3)	1.1	2.6	3.6	1.5	1.0
QUE	1.5	0.3	1.5	2.1	2.4	1.6	1.4
ONT	1.4	1.5	1.9	3.7	3.1	3.0	2.7
MAN	2.0	0.8	2.4	1.5	2.0	1.3	1.3
SASK	0.7	0.2	2.8	0.9	0.5	1.0	1.0
ALTA	2.7	2.9	3.1	3.9	2.8	3.0	2.9
BC	1.7	2.5	1.8	1.2	2.2	1.7	2.1
CAN	1.6	1.3	1.9	2.8	2.7	2.3	2.1

Source: Statistics Canada, CMHC Forecast 2000-2001.
(F) Forecast.

Unemployment Rate (per cent)

	1995	1996	1997	1998	1999	2000 (F)	2001 (F)
NFLD	18.3	19.4	18.8	17.9	16.7	16.1	15.9
PEI	14.7	14.5	14.9	13.9	14.1	13.9	13.9
NS	12.1	12.6	12.2	10.7	9.7	9.6	9.5
NB	11.5	11.7	12.8	12.1	10.1	9.6	9.2
QUE	11.3	11.8	11.4	10.4	9.4	8.9	8.6
ONT	8.7	9.1	8.5	7.2	6.4	5.3	4.9
MAN	7.5	7.5	6.6	5.7	5.5	5.5	5.4
SASK	6.9	6.6	6.0	5.9	6.1	5.8	5.7
ALTA	7.8	7.0	6.0	5.7	5.8	5.6	5.5
BC	9.0	8.9	8.7	8.9	8.3	8.0	7.7
CAN	9.5	9.7	9.2	8.3	7.6	7.0	6.7

Source: Statistics Canada, CMHC Forecast 2000-2001.
(F) Forecast.

Real Gross Domestic Product (annual per cent change)

	1995	1996	1997	1998	1999 (E)	2000 (F)	2001 (F)
NFLD	2.2	(3.3)	1.5	6.2	4.5	5.0	6.0
PEI	5.5	1.4	0.5	1.0	2.4	2.1	2.1
NS	1.8	0.1	2.8	2.9	3.4	2.5	2.4
NB	2.9	1.7	0.7	2.3	3.7	2.5	1.8
QUE	1.9	1.4	3.3	2.6	3.2	2.7	2.4
ONT	3.7	1.6	4.4	4.3	4.5	4.3	4.1
MAN	0.6	2.1	3.7	3.3	2.4	2.4	2.3
SASK	1.4	2.5	5.1	1.3	2.0	2.4	2.2
ALTA	3.0	2.2	7.3	3.2	2.3	3.5	3.8
BC	2.2	2.5	1.7	0.2	1.2	2.0	1.5
CAN	2.8	1.7	4.0	3.1	3.4	3.4	3.2

Source: Statistics Canada, CMHC Estimate 1999, CMHC Forecast 2000-2001.
(E) Estimate. (F) Forecast.

Total Net Migration* (persons)

	1995	1996	1997	1998	1999 (E)	2000 (F)	2001 (F)
NFLD	-6886	-7913	-9121	-8838	-5000	-6200	-6200
PEI	558	591	-464	-161	285	225	205
NS	1257	1658	-487	-801	2025	1200	800
NB	-844	-842	-1423	-2528	-1000	-1650	-1850
QUE	18279	9376	3841	5004	3555	6950	6740
ONT	93096	92960	107613	85058	107500	110250	112500
MAN	-1216	-1365	-4233	-978	-350	-300	-150
SASK	-1595	-434	-1813	-3	-3300	-2300	-1300
ALTA	15582	25664	44222	53291	36200	22500	21000
BC	69005	69112	51152	12353	21500	41000	49000
CAN**	187236	188807	189287	142397	161415	171675	180745

Source: Statistics Canada, CMHC Estimate 1999, CMHC Forecast 2000-2001.
(E) Estimate. (F) Forecast.
* Sum of interprovincial migration, international migration, non-permanent residents, and returning Canadians.
** Excludes Yukon, Northwest Territories, and Nunavut.

Local Market Indicators

Census Metropolitan Area		Total housing starts	Single-detached housing starts	New housing price index, annual % chg.	MLS sales	MLS single-detached average price		Rental vacancy rate, structures of 3 units +
Victoria	1998	964	520	-5.6	4603	246014		3.8
	1999	1340	531	-5.0	4670	248000		3.6
	2000(F)	1065	570	-2.0	5020	251000		3.4
Vancouver	1998	11878	3373	-5.0	19041	357029		2.7
	1999	8677	3568	-4.0	22400	352800		2.7
	2000(F)	9300	4100	-2.0	24300	370000		2.5
Edmonton	1998	5947	4080	3.4	13726	128290	A	1.9
	1999	6655	4075	2.5	13500	134000	A	2.2
	2000(F)	6600	4400	2.5	13900	142000	A	2.0
Calgary	1998	12495	9219	7.6	20554	167422		0.6
	1999	10600	6613	4.6	20300	175500		2.8
	2000(F)	9400	6600	3.5	20200	182300		2.3
Saskatoon	1998	1137	692	2.2	2993	103156	A	0.8
	1999	1273	724	1.4	3100	108000	A	0.9
	2000(F)	1250	750	1.5	3200	112000	A	1.0
Regina	1998	537	468	4.2	2868	85029	A	1.7
	1999	573	403	3.5	2700	90000	A	1.4
	2000(F)	600	460	3.5	2800	91500	A	1.5
Winnipeg	1998	1575	1190	0.8	9748	86838	A	4.0
	1999	1772	1204	1.2	9600	88400	A	3.0
	2000(F)	1600	1200	1.3	9700	89900	A	3.0
Thunder Bay	1998	224	161	-2.3	1311	110099	A	9.3
	1999	232	192	-1.1	1301	112316	A	7.5
	2000(F)	332	220	-0.5	1340	114000	A	6.5
Sudbury	1998	165	161	-2.3	1693	109621	A	9.4
	1999	199	131	-1.1	1744	105093	A	11.1
	2000(F)	160	150	-0.5	1800	107500	A	10.0
Windsor	1998	1938	1355	0.3	5016	130497		4.3
	1999	2387	1761	0.6	5100	135000		2.7
	2000(F)	2509	1825	2.0	5200	139000		2.5
London	1998	2027	1309	0.4	6416	129706		4.5
	1999	1773	1344	0.9	6720	131899		3.5
	2000(F)	2085	1350	2.0	6450	134000		3.4
Kitchener	1998	2549	1759	2.1	4365	143104	A	1.5
	1999	2821	2002	1.8	4695	146495	A	1.0
	2000(F)	3050	2150	2.2	4500	151000	A	0.9
St. Catharines-Niagara	1998	1319	996	3.1	5815	122440		4.6
	1999	1485	1026	2.3	5947	125540		3.2
	2000(F)	1350	1025	2.2	6100	128450		2.9
Hamilton	1998	3627	1736	3.2	10017	153628	A	3.2
	1999	3923	1906	1.0	10543	158164	A	1.9
	2000(F)	4100	2100	2.0	10800	161000	A	1.7
Toronto	1998	25910	12696	3.2	55344	216814	A	0.8
	1999	34904	15535	1.7	58957	228372	A	0.9
	2000(F)	36000	16000	4.0	62500	236000	A	1.0

Local Market Indicators

Census Metropolitan Area		Total housing starts	Single-detached housing starts	New housing price index annual % chg.	MLS sales	MLS single-detached average price		Rental vacancy rate, Structures of 3 units +
Oshawa	1998	1759	1400	n.d.	4237	150994		2.0
	1999	2463	2150	n.d.	4400	156000		1.7
	2000(F)	2500	2125	n.d.	4450	160000		1.5
Ottawa	1998	3615	2248	0.7	9547	143953	C	2.1
	1999	4447	2837	2.8	11150	149300	C	0.7
	2000(F)	4930	2840	3.1	11650	153900	C	0.9
Hull	1998	1244	687	n.d.	2306	95514	S	6.7
	1999	1185	640	n.d.	2630	95875	S	4.4
	2000(F)	1190	636	n.d.	2600	96540	S	3.8
Montréal	1998	10293	5657	0.4	25254	122442	A	4.7
	1999	12366	6522	2.0	28200	125000	A	3.0
	2000(F)	12500	6800	3.5	28200	130000	A	3.0
Trois-Rivières	1998	599	233	n.d.	757	77400		8.5
	1999	380	205	n.d.	850	77200		7.9
	2000(F)	450	200	n.d.	805	78000		9.0
Sherbrooke	1998	590	329	n.d.	1044	91400	A	7.3
	1999	645	305	n.d.	960	90000	A	7.6
	2000(F)	700	350	n.d.	1100	92000	A	7.0
Québec	1998	1845	1108	0.6	5112	85836		5.2
	1999	1814	1165	1.5	5470	87550		3.3
	2000(F)	2100	1250	1.5	5600	89800		2.8
Chicoutimi-Jonquière	1998	502	331	n.d.	652	79363	T	4.8
	1999	305	243	n.d.	760	83500	S	4.9
	2000(F)	370	310	n.d.	810	86500	S	5.8
Saint John	1998	278	216	-2.3	1353	87087	A	7.3
	1999	296	255	2.6	1529	88836	A	5.2
	2000(F)	370	305	2.0	1575	91000	A	4.8
Halifax	1998	1739	1125	0.8	5129	114024	A	5.5
	1999	2356	1669	2.8	5853	118522	A	3.6
	2000(F)	2575	1575	1.0	5600	119000	A	4.5
St. John's	1998	741	475	-1.3	2131	92560	A	15.4
	1999	807	688	0.3	2325	95500	A	9.2
	2000(F)	875	700	0.5	2350	96500	A	7.5
Charlottetown	1998	247	154	n.d.	534	93968	A	6.1
	1999	321	228	n.d.	500	99000	A	5.0
	2000(F)	328	210	n.d.	470	99600	A	4.8
ALL METRO AREAS	1998	95744	53678	1.0	221566			3.4
	1999	105999	57922	2.1	235904			2.6
	2000(F)	108289	60201	2.2	243020			2.6

Notes:

A: Average MLS price for all dwelling types

S: Singles and semi-detached units

T: Data from Teela

C: Single-family units less condo units

Source: CMHC, Canadian Real Estate Association, Local real estate boards, Statistics Canada, CMHC Forecast 2000.

n.a.: data not available

Major Housing Indicators
Seasonally Adjusted Annual Rates
(levels and quarterly per cent change)

	98:Q1	98:Q2	98:Q3	98:Q4	99:Q1	99:Q2	99:Q3	99:Q4
New housing								
Building permits, units, thousands	151.1	147.2	146.8	149.0	157.3	155.3	159.7	..
%	1.6	(2.6)	(0.3)	1.5	5.5	(1.3)	2.9	..
Housing starts, total, thousands	147.8	137.3	131.8	136.9	146.2	147.0	148.2	157.0
%	0.0	(7.1)	(4.0)	3.9	6.8	0.5	0.8	5.9
Housing starts, singles, thousands	91.8	86.1	82.7	86.9	87.0	91.7	93.0	95.8
%	0.2	(6.2)	(3.9)	5.1	0.1	5.4	1.4	3.0
Housing starts, multiples, thousands	56.0	51.2	49.1	50.0	59.2	55.3	55.2	61.2
%	(1.9)	(8.6)	(4.1)	1.8	18.4	(6.6)	(0.2)	10.9
Housing completions, total, thousands	144.3	138.3	127.2	130.5	150.8	130.5	137.9	..
%	(3.4)	(4.1)	(8.0)	2.6	15.6	(13.5)	5.7	..
New house price index, 1992=100	99.8	100.0	100.2	100.3	100.4	100.6	101.1	..
%	0.4	0.2	0.2	0.1	0.1	0.2	0.5	..
Existing housing								
MLS resales, units, thousands	298.9	328.6	327.2	301.9	312.1	353.9	347.1	..
%	(4.8)	9.9	(0.4)	(7.7)	3.4	13.4	(1.9)	..
MLS average resale price, $C thousands	152.4	151.8	151.3	154.3	153.8	157.0	158.7	..
%	(1.6)	(0.4)	(0.3)	2.0	(0.3)	2.1	1.1	..
Mortgage market								
Mortgages outstanding, $C billions	381.5	385.9	391.9	398.0	402.3	408.0	415.4	..
%	1.3	1.2	1.5	1.5	1.1	1.4	1.8	..
Mortgage approvals, $C billions	67.7	73.7	76.6	68.9	76.1	86.9	..	..
%	(2.1)	8.9	3.8	(10.0)	10.5	14.1	..	..
1-year mortgage rate, per cent*	6.40	6.55	6.68	6.37	6.42	6.45	6.97	7.35
5-year mortgage rate, per cent*	6.85	6.95	7.08	6.83	6.92	7.32	7.75	8.25
Residential investment**								
Total, $1992 billions	42.3	42.0	40.9	41.0	42.6	44.1	44.3	..
%	(1.8)	(0.8)	(2.4)	0.1	4.1	3.3	0.6	..
New, $1992 billions	21.6	21.0	19.8	20.4	21.4	21.9	22.3	..
%	(1.7)	(3.1)	(5.3)	2.7	4.9	2.4	1.8	..
Alterations, $1992 billions	13.9	13.7	13.4	13.6	14.1	14.3	14.0	..
%	0.7	(1.9)	(1.7)	1.1	3.9	1.0	(1.7)	..
Transfer costs, $1992 billions	6.8	7.4	7.7	7.0	7.2	7.9	8.0	..
%	(6.9)	8.8	4.3	(8.4)	2.0	10.5	1.5	..
Deflator, 1992=100	107.7	108.5	107.9	109.4	110.3	111.4	111.2	..
%	1.1	0.7	(0.5)	1.4	0.8	1.0	(0.2)	..

Sources: CMHC, Statistics Canada, Bank of Canada, Canadian Real Estate Association.
.. Data not available.
* All indicators are seasonally adjusted, except 1-year and 5-year mortgage rates.
** Residential investment includes outlays for new permanent housing, conversion costs, cost of alterations and improvements, supplementary costs, and transfer costs.